

CALIFORNIA STATE BOARD OF EDUCATION

1430 N Street; P.O. Box 944272
Sacramento, CA 95814-5901



TITLE 5. EDUCATION

CALIFORNIA STATE BOARD OF EDUCATION

NOTICE OF PROPOSED RULEMAKING

Forms for Annual Financial Statements

[Notice published July 4, 2003]

The State Board of Education (State Board) proposes to adopt the regulations described below after considering all comments, objections, or recommendations regarding the proposed action.

PUBLIC HEARING

The State Board will hold a public hearing beginning at **2:00 p.m. on Monday, August 25, 2003**, at 1430 N Street, Room 1101, Sacramento. The room is wheelchair accessible. At the hearing, any person may present statements or arguments, orally or in writing, relevant to the proposed action described in the Informative Digest. The State Board requests that any person desiring to present statements or arguments orally notify the Regulations Adoption Coordinator of such intent. The Board requests, but does not require, that persons who make oral comments at the hearing also submit a summary of their statements. No oral statements will be accepted subsequent to this public hearing.

WRITTEN COMMENT PERIOD

Any interested person, or his or her authorized representative, may submit written comments relevant to the proposed regulatory action to the Regulations Adoption Coordinator. The written comment period ends at **5:00 p.m. on Thursday, August 21, 2003**. The Board will consider only written comments received by the Regulations Adoption Coordinator or at the Board Office by that time (in addition to those comments received at the public hearing). Written comments for the State Board's consideration should be directed to:

Debra Strain, Regulations Adoption Coordinator
California Department of Education
LEGAL DIVISION
1430 N Street, Room 5319
Sacramento, California 94244-2720
Telephone : (916) 319-0641
E-mail: dstrain@cde.ca.gov

AUTHORITY AND REFERENCE

Authority: Sections 1628, 33031, 33050, 41010, 41023, and 42100, Education Code.

References: Sections 1628, 41023, and 42100, Education Code.

INCORPORATION BY REFERENCE

These regulations incorporate by reference the California School Accounting Manual (Sections 15060 and 15071 of the regulations) and the standardized account code structure (SACS) Unaudited Actuals Financial Report forms (Sections 15070 and 15071 of the regulations). These items can be found on our Web site pages at www.cde.ca.gov/fiscal/software and www.cde.ca.gov/fiscal/sacs.

Note: The California School Accounting Manual is updated every year, usually in December (the most recent edition is December 2002). The SACS report forms are updated every year, usually in April and July (April 2003 is the latest edition).

INFORMATIVE DIGEST/POLICY STATEMENT OVERVIEW

The Board proposes to adopt Sections 15060 in Article 2 and Sections 15070 and 15071 in Article 3 of Division 1, Chapter 14, Subchapter 2 of Title 5 of the California Code of Regulations. These sections concern the accounting system and the format for the annual financial statements for school districts, county offices of education, educational joint powers agencies, and charter schools.

The purpose of the regulations is 1) to define the current accounting and reporting format used to record the financial affairs of local educational agencies, 2) to adopt the forms that are prescribed by the Superintendent of Public Instruction for local educational agencies to report their annual statement of all receipts and expenditures for the preceding fiscal year, and 3) to provide an alternative annual financial statement form for charter schools.

DISCLOSURES REGARDING THE PROPOSED ACTION

Mandate on local agencies and school districts: None

Cost or savings to any state agency: None

Costs to any local agency or school district which must be reimbursed in accordance with Government Code section 17561: None

Other non-discretionary cost or savings imposed on local educational agencies: None

Cost or savings in federal funding to the state: None

Significant, statewide adverse economic impact directly affecting business including the ability of California businesses to compete with businesses in other states: None.

Cost impacts on a representative private person or businesses: The State Board is not aware of any cost impacts that a representative private person or business would necessarily incur in reasonable compliance with the proposed action.

Adoption of these regulations will not:

- (1) create or eliminate jobs within California;
- (2) create new businesses or eliminate existing businesses within California; or
- (3) affect the expansion of businesses currently doing business within California.

Significant effect on housing costs: None.

Affect on small businesses: The regulations clarify which materials may be purchased with state Instructional Materials Funds and the percentages that can be spent on various specified categories. There may be a financial impact on some publishers of supplementary materials to the extent that some materials may no longer be purchased by districts using state Instructional Materials Funds. This impact is minimal and therefore, the proposed regulations would not have a significant adverse affect on any small businesses.

CONSIDERATION OF ALTERNATIVES

In accordance with Government Code section 11346.5(a)(13), the State Board must determine that no reasonable alternative it considered or that has otherwise been identified and brought to the attention of the State Board, would be more effective in carrying out the purpose for which the action is proposed or would be as effective and less burdensome to affected private persons than the proposed action.

The State Board invites interested persons to present statements or arguments with respect to alternatives to the proposed regulations at the scheduled hearing or during the written comment period.

CONTACT PERSONS

Inquiries concerning the substance of the proposed regulations should be directed to:

Caryn Becker, Administrator
School Fiscal Services Division
California Department of Education
1430 N Street, Suite 3800
Sacramento, CA 95814
E-mail: cbecker@cde.ca.gov
Telephone: (916) 322-1770
FAX: (916) 324-7141

Requests for a copy of the proposed text of the regulations, the Initial Statement of Reasons, the modified text of the regulations, if any, or other technical information upon which the rulemaking is based or questions on the proposed administrative action may be directed to the Regulations Adoption Coordinator, or to the backup contact person, Natalie Vice, at (916) 319-0642.

AVAILABILITY OF INITIAL STATEMENT OF REASONS AND TEXT OF PROPOSED REGULATIONS

The Regulations Adoption Coordinator will have the entire rulemaking file available for inspection and copying throughout the rulemaking process at her office at the above address. As of the date this notice is published in the Notice Register, the rulemaking file consists of this notice, the proposed text of the regulations, and the initial statement of reasons. A copy may be obtained by contacting the Regulations Adoption Coordinator at the above address.

AVAILABILITY OF CHANGED OR MODIFIED TEXT

Following the public hearing and considering all timely and relevant comments received, the State Board may adopt the proposed regulations substantially as described in this notice. If the State Board makes modifications which are sufficiently related to the originally proposed text, the modified text (with changes clearly indicated) available to the public for at least 15 days before the State Board adopts the regulations as revised. Requests for copies of any modified regulations should be sent to the attention of the Regulations Adoption Coordinator at the address indicated above. The State Board will accept written comments on the modified regulations for 15 days after the date on which they are made available.

AVAILABILITY OF THE FINAL STATEMENT OF REASONS

Upon its completion, a copy of the Final Statement of Reasons may be obtained by contacting the Regulations Adoption Coordinator at the above address.

AVAILABILITY OF DOCUMENTS ON THE INTERNET

Copies of the Notice of Proposed Rulemaking, the Initial Statement of Reasons, the text of the regulations in underline and strikeout, and the Final Statement of Reasons, can be accessed through the California Department of Education's website at <http://www.cde.ca.gov/regulations>.